

----- Original Message -----

Subject: Talking Points Email - TEXT Only version

From: "Jerry J Ulrich" <jerry.ulrich@smashsolutions.com>

Date: Sat, February 24, 2018 11:24 am

To: "Michael Alexander" <michael@michaelalexander.me>

Michael,

I believe all the spreadsheets are causing the email not to go out so we have broken everything into a text based email below for your review and we go over any of the spreadsheet items in person during your visit.

===== Complete Text Version Of Email =====

Michael,

Here is the email outlining the discussion points that are currently open. Please let me know when you receive this, because I have been having some challenges with my email.

1. Smash Solutions Items:

a. Corporate Conversion & Timing:

- i. As per our conversation with Sterling we should have a new agreement with the \$10,000 amount to get started and a list of items he is going to need to finish the corporate modifications and activation of the new corporation. Once I have the documentation we have the funding to submit the \$10,000 to him and be underway in activating the new corporation. I have reached out to him several times to get this but he has been very busy and I do not have it yet.
- ii. The list of items we are waiting on will determine the length of time it will take to complete the task. Currently we are just trying to prepare everything we think he will need in preparation.

b. Monthly Budget Breakdown: To see Full Version View Spreadsheet:

i. Monthly Breakdown:

February:

- a. Development Costs: \$50,000
- b. Operating Costs: \$7,650
- c. Staffing Costs: \$35,000
- d. Training/Travel: \$4,650
- i. Monthly Total: \$97,300
- ii. Accumulated Total: \$97,300
- iii. Income: \$0.00
- iv. P&L: (\$97,300)

March:

- e. Development Costs: \$100,000
- f. Operating Costs: \$7,650
- g. Staffing Costs: \$35,000
- h. Training/Travel: \$1,150



.Monthly Total: \$143,800
i.Accumulated Total: \$241,100
ii.Income: \$0.00
iii.P&L: (\$241,100)

April:

i. Development Costs: \$175,000
j. Operating Costs: \$7,650
k. Staffing Costs: \$35,000
l. Training/Travel: \$1,150
.Monthly Total: \$218,800
i.Accumulated Total: \$459,900
ii.Income: \$0.00
iii.P&L: (459,900)

May:

m. Development Costs: \$100,000
n. Operating Costs: \$7,650
o. Staffing Costs: \$35,000
p. Training/Travel: \$2,650
.Monthly Total: \$145,300
i.Accumulated Total: \$605,200
ii.Income: \$0.00
iii.P&L: \$(605,200)

June: Prepare For Alpha Deployment

q. Development Costs: \$100,000
r. Operating Costs: \$7,650
s. Staffing Costs: \$45,000
t. Training/Travel: \$1,150
.Monthly Total: \$153,800
i.Accumulated Total: \$759,000
ii.Income: \$0.00
iii.P&L: (\$759,000)

July: Targeted Alpha Deployment

u. Development Costs: \$175,000
v. Operating Costs: \$13,800
w. Staffing Costs: \$45,000
x. Training/Travel: \$1,150
.Monthly Total: \$234,950
i.Accumulated Total: \$993,950
ii.Income: \$100,000 Monthly

1. Target 20,000 users at \$5.00 Monthly with 10% growth target per month.

iii.P&L: (\$893,950)

August:

y. Development Costs: \$100,000
z. Operating Costs: \$13,800
aa. Staffing Costs: \$61,000

bb. Training/Travel: \$1,150
 .Monthly Total: \$175,950
 i.Accumulated Total: \$1,169,900
 ii.Income: \$110,000
 iii.P&L: (\$1,059,900)

September:

cc. Development Costs: \$1000,000
 dd. Operating Costs: \$13,800
 ee. Staffing Costs: \$64,100
 ff. Training/Travel: \$9,150
 .Monthly Total: \$187,050
 i.Accumulated Total: \$1,246,950
 ii.Income: \$121,000
 iii.P&L: \$1,125,950

October:

gg. Development Costs: \$100,000
 hh. Operating Costs: \$13,800
 ii. Staffing Costs: \$64,100
 jj. Training/Travel: \$1,150
 .Monthly Total: \$179,050
 i.Accumulated Total: \$1,305,000
 ii.Income: \$133,100
 iii.P&L: (\$1,171,900)

November: Target Beta Deployment

kk. Development Costs: \$100,000
 ll. Operating Costs: \$13,800
 mm. Staffing Costs: \$64,100
 nn. Training/Travel: \$1,150
 .Monthly Total: \$178,050
 i.Accumulated Total: \$1,349,950
 ii.Income: \$633,100
 iii.Income: \$100,000 Monthly

1. Target 50,000 users at \$10.00 Monthly with 10% growth target per month.
2. Add This to the monthly growth from Alpha

iv.P&L: (\$716,850)

2. December:

. Development Costs: \$175,000
 a. Operating Costs: \$13,800
 b. Staffing Costs: \$79,100
 c. Training/Travel: \$1,150
 .Monthly Total: \$269,050
 i.Accumulated Total: \$716,850
 ii.Income: \$683,100
 iii.P&L: (\$33,750)

END OF 2018 TOTALS:

- d. Development Costs: \$1,450,000
- e. Operating Costs: \$121,050
- f. Staffing Costs: \$566,900
- g. Training/Travel: \$25,650
- h. Monthly Total: \$1,984,100
- i. Accumulated Total: \$1,984,100
- ii. Income: \$1,780,300
- iii. P&L: (\$203,800)

c. Funding Options: Using Trading, Uberfund & Bitmax System For Expenses:

Using a 30 day window block we can create the money to cover expenses from several sources to prevent having to dip into any additional funding options, however, if one of these does not fully cover the monthly commitment we need to engage a plan to make sure it is covered until the company can be funding the project plan using internal subscriptions. I think that is achievable within 6 months and potentially even as minimal as 4-5 months depending on how quickly everything progresses.

1. Uberfund: \$30,000 to \$60,000 Monthly. I would like to keep this being split if possible for expenses and operations of growing bitclub as it has significantly hurt financially to lose access to this however we could move forward with splitting it again if we can use the trading and bitmax to cover the expenses.
2. Bitmax being added to the mining system
 - a. This could generate based on estimation and not looking at your current setup an additional 25% over what is currently being generated. I am not sure the total of this without discussing with you further.
3. Trading:
 - a. For each Bitcoin a good average over the last few months is an increase of \$2000 on any month. This is a safe level of trading and activity. We could achieve a much higher success but in order to limit potential loses we need to move with caution.
 - b. 1 BTC moving from an example of \$9k to \$11k would generate us \$2000 per bitcoin. In order to achieve our low monthly budget number we would need to hit the following numbers.
 - i. 55 Bitcoin In Active Trade should be \$110k just from trading. This would cover month 1.
 - ii. Month 2 through launch we could fund all expenses best case with 100 Bitcoin in trade but a buffer would be better if we used 125 or 150.
 - c. We would never trade it without stop losses in place and we could refund the 150 loan to start trading if we have a stellar trade during a flash crash or other growth factor giving us a greater return than the 2k per bitcoin.
 - c. Deployment Plan:

We are in the final selection process of getting the development company onboard. This is a huge success because with the agreement in place to allow them to show Smash as a flagship product they have developed it will allow us to reduce our development costs to a couple million dollars instead of over 9 million dollars. We will be reviewing their proposals and selecting a go forward strategy once they fully review the specification documentation and submit the required RFP proposal.

i. Once we have the selection of the development company finalized we will need to meet and go through the complete specification build requirements for the first deployment of the alpha release specifications and minimum viable product. This will allow us to start a minimum billable level to early adopters. The goal would be to achieve minimum funding level to not draw from internal resources any longer than we need to to complete the product.

d. Development Company Selection:
We are currently working with two company

4. Call Center Group:

We have reduced our call center team to two individuals that are still at \$500 a weak base plus commission and three that are on a straight commission plan that work part time. The two people we still have on base are consistently producing leads and have pending closes that far exceed the amount that we have paid them to date. Although these deals are being pushed out to people that have leased them we still receive the overrides on these deals. In setting up the call center it did take significantly longer to get these core individuals trained and weed out the individuals that were not going to be able to meet the expectations or breakeven on what they were making. We did go upside down on the call center significantly however we have now moved everybody to calling from their personal offices to reduce cost. Since bitclub had no formalized training process we need of developing the entire training system the call center needed in order to be successful and with the growth we were experiencing on own team it was taking longer than we can continue to support the call center costs. We have a full breakdown of this in spreadsheets that can be reviewed if you want to go through them.

a. Moving forward everything we placed into a CRM lead response system and you can look at the financial gain and pipeline upon request. We will be complete with that system and have everything imported by the end of February.

5. Implementing Bitmax System:

a. The Bitmax system has taken months of planning and preparation to prepare and simplify enough to utilize on a day-to-day basis. We need to move Jim into the top new shared position so he can begin implementing the on boarding process to our team. We have developed an integration plan and on boarding cost that combined with his shared spot should adequately compensate him while creating a significant financial gain for our team and the offshore entity. The only action item I need from you is the username and account access to the position we spoke about.

Live This Day With Excellence And Make It An Incredible Day!

Jerry J. Ulrich

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